

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

DFA5058 – FINANCIAL ACCOUNTING (For Diploma Students Only)

14 MARCH 2018
2.30PM – 4.30PM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 5 pages with 4 questions.
2. Answer **ALL** questions in the answer booklet provided.

QUESTION 1**Part A**

Rainey Company was established on March 1, 2017. Adjusted trial balance for Rainey Company for November 2017 were as follow:

Rainey Company Adjusted Trial Balance As at November 30, 2017		
Account	Debit	Credit
Cash	RM20,200	
Account Receivable	1,500	
Supplies	800	
Prepaid Insurance	550	
Equipment	9,000	
Accumulated depreciation-Equipment		RM210
Notes Payable (due December 2017)		500
Account Payable	2,000	
Unearned Service Revenue		1,200
Salaries Payable	700	
Interest Payable	50	
Mortgage Payable (due May 2022)		12,000
Owner's Capital		11,000
Owner's Drawing	300	
Service Revenue		11,660
Salaries Expense	5,200	
Supplies Expense	400	
Rent Expense	1,200	
Insurance Expense	50	
Depreciation Expense	70	
Interest Expense	50	
Total	<u>RM39,320</u>	<u>RM39,320</u>

Instructions:

- (a) Prepare the Statement of Comprehensive Income for the company for November 2017. (6 marks)
- (b) Prepare the Statement of Changes in Equity for the company for November 2017. (3.5 marks)
- (c) Prepare the Classified Statement of Financial Position for the company for November 30, 2017. (11 marks)

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Part B

The steps in accounting cycle are listed in random order below. List the steps in proper sequence by placing the numbers 1-9. (4.5 marks)

- a. Prepare a post-closing trial balance.
- b. Analyse business transactions.
- c. Journalise and post adjusting entries.
- d. Post to ledger accounts.
- e. Prepare a trial balance.
- f. Journalise the transactions.
- g. Prepare an adjusted trial balance.
- h. Prepare financial statements.
- i. Journalise and post closing entries.

[TOTAL 25 MARKS]

QUESTION 2

Below is the financial information for Diamond Company and its competitor, Permata Company for year 2017.

	Diamond Company	Permata Company
	2017	2017
Property, plant & equipment (net)	RM250,000	RM320,000
Cash	70,000	52,000
Short term investment	12,500	23,600
Account receivables	12,000	18,000
Inventories	24,000	28,000
Prepaid insurance	15,000	16,000
Account payables	20,400	35,700
Salaries payable	-0-	3,800
Interest payable	2,200	-0-
Long term borrowings	100,000	80,000
Sales revenue	304,500	280,000
Cost of goods sold	118,000	120,000

Additional information:

1. All sales made are on account.
2. Account receivable as at January 1, 2017 for Diamond Company, RM17,000 and for Permata Company, RM22,000.
3. Inventories as at January 1, 2017 for Diamond Company, RM35,000 and for Permata Company, RM20,000.

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Instructions:

(a) Compute the following ratios for both companies in year 2017:

- 1) Current ratio. (5 marks)
- 2) Acid-test ratio. (5 marks)
- 3) Accounts Receivable turnover. (5 marks)
- 4) Inventory turnover. (5 marks)

(b) Based on liquidity ratio, which company performed better? State your reason. (2 marks)

(c) Prepare a vertical analysis for assets item for Diamond Company only. (3 marks)

[TOTAL 25 MARKS]

QUESTION 3

Asoka Store selling children clothing was established in June and the company completed the following merchandising transactions in the same month.

June 2	The owner, Ms. Jessica, started the business with investment of RM50,000 cash.
4	Purchased office equipment in cash RM8,000.
5	Purchased merchandise inventory on account from Manora Baby Clothing RM20,000. The terms were 3/10, n/30.
8	Sold merchandise in cash to Ms. Laila RM3,000. The cost of the merchandise sold was RM1,200.
12	Paid Manora Baby Clothing.
15	Sold merchandise on account to PaMa Store RM25,000, terms 2/10, n/30 FOB Shipping point. The appropriate party also paid cash RM800 for freight. The cost of the merchandise sold was RM9,800.
19	PaMa store returned defective clothes amounted to RM800. The returned merchandise had a scrap value of RM100.
21	Purchased merchandise inventory in cash from Didi Lulu manufacturer RM8,000.
22	Received payment from PaMa Store.
24	Sold merchandise on account to Kiddi Mart RM15,000, term 2/10, n/30 FOB Destination. The appropriate party also paid cash RM500 for freight. The cost of the merchandise sold was RM6,000.
25	Paid salaries expense in cash RM4,000.
27	Paid monthly rent in cash RM2,000
28	Purchased another merchandise inventory on account from Manora Baby Clothing RM30,000. The terms were 3/10, n/30.
30	Received credit from Manora Baby Clothing for merchandise returned RM1,000.

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Instructions:

(a) Prepare journal entry to record above transactions for Asoka Store using a perpetual inventory system. (20 marks)

(b) Open a T-Account for Merchandise Inventory. Post the related journal entries to this T-account and calculate the ending balance for June 30. (5 marks)

[TOTAL 25 MARKS]

QUESTION 4**Part A**

Identify whether each of the following would be (a) added to the book balance, (b) deducted from the book balance, (c) added to the bank balance, or (d) deducted from the bank balance in a bank reconciliation. (7 marks)

1. Interest revenue earned on bank balance.
2. Bank service charges.
3. NSF cheque.
4. Deposits in transits.
5. Outstanding cheques.
6. Collection of notes by the bank on behalf of company.
7. EFT for the payment of rent expense.

Part B

On September 30, 2017 Mitsuka Company has a cash balance per books of RM10,500. The bank statement from Local Bank on that date showed a balance of RM11,620. A comparison of the statement with the cash account revealed the following facts.

1.	A RM2,000 note receivable was collected by the bank for Mitsuka Company on September 30 plus RM50 interest. The bank charged a collection fee of RM25. No interest has been accrued on the note.
2.	The statement included a debit memo of RM20 for the printing of company cheques.
3.	On September 30, the bank statement showed an NSF charge of RM945 for a cheque issued by Kelly, a customer, to Mitsuka Company on account.
4.	EFT payment of insurance expenses, RM400.
5.	Outstanding cheques at September 30 totaled RM2,520, and deposits in transit were RM2,060.

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Instructions:

(a) Define NSF cheque and EFT system. (4 marks)

(b) Prepare the bank reconciliation at September 30, 2017. (10 marks)

(c) Prepare the necessary adjusting entries for Mitsuka Company at September 30, 2017. (4 marks)

[TOTAL 25 MARKS]

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